

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6768

BILL NUMBER: HB 1450

NOTE PREPARED: Jan 11, 2009

BILL AMENDED:

SUBJECT: Sales Tax Credit for Clean Fuel Vehicles.

FIRST AUTHOR: Rep. Friend

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ GENERAL
☒ DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides a 50% Sales and Use Tax exemption for the purchase or lease of a new clean fuel vehicle if the retail transaction occurs from July 1, 2009, through June 30, 2010.

Effective Date: July 1, 2009.

Explanation of State Expenditures: *Department of State Revenue (DOR):* This bill could result in an indeterminable increase in administrative costs for the DOR by requiring the DOR to revise Sales Tax forms as well as update computer software to provide the 50% Sales Tax exemption. It is estimated that the DOR could implement these provisions with its existing level of resources

Explanation of State Revenues: *Summary-* This bill is estimated to decrease Sales Tax revenue by between \$0.88 M to \$1.23 M for every one thousand new clean fuel vehicles purchased or leased in FY 2010. The bill provides a 50% Sales Tax exemption for the purchase or lease of a new clean fuel vehicle for retail transactions from July 1, 2009, through June 30, 2010. It is estimated that most of the fiscal impact will occur in FY 2010 with little fiscal impact in FY 2011.

Sales Tax revenue is deposited in the state General Fund (99.178%), the Public Mass Transportation Fund (0.670%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%).

Background Information -The low revenue impact is based on an average price of \$25,000, and the high estimate is based on an average price of \$35,000.

Explanation of Local Expenditures:

Explanation of Local Revenues: Local revenues will be impacted to the extent that a local unit receives funds from the Public Mass Transportation Fund, the Commuter Rail Service Fund, or the Industrial Rail Service Fund.

State Agencies Affected: DOR.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Diana Agidi, 317-232-9867 .